

Message Text

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ACTION EA-10

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 DODE-00 PM-05 H-01 L-03 PA-01

PRS-01 /101 W

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R 190806Z AUG 77

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 3982

INFO AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

AMEMBASSY CANBERRA

AMEMBASSY BRUSSELS

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

CINCPAC

AMEMBASSY KUALA LUMPUR

C O N F I D E N T I A L SECTION 1 OF 2 MANILA 13022

USEEC

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: ASEAN, ETRD, MY, RP

SUBJECT: KUALA LUMPUR ASEAN SUMMIT: A VIEW FROM MANILA

REF: KUALA LUMPUR 5399

SUMMARY: ASEAN HAS INDEED AN IMPORTANT POTENTIAL FOR
EVOLUTION IN THE REGION WHICH HAS BEEN RECOGNIZED BY JAPAN,
AUSTRALIA AND NEW ZEALAND IN UNPRECEDENTED SUMMIT MEETINGS.

NEXT MONTH THE CONSULTATIONS WITH THE UNITED STATES WILL
EMPHASIZE THE ALLIANCE IN TRADE AND INVESTMENT.

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ACHIEVEMENT IS CONTRASTED WITH LACK OF PROGRESS
IN INTRA-ASEAN ECONOMIC COOPERATION, BUT THE SUCCESS OF
ASEAN COHESION ALSO INCLUDES OTHER ACHIEVEMENTS OF
POLITICAL SIGNIFICANCE -- THE PHILIPPINE DENUNCIATION OF
ITS SABAH CLAIM, THE AVOIDANCE OF "KONFRONTASIA," AND THE
ACCEPTANCE OF SINGAPORE AS PART OF ASEAN. END SUMMARY.

1. WE AGREE WITH EMBASSY KUALA LUMPUR'S ASSESSMENT (REFTEL) THAT, DESPITE FAILINGS AND LACK OF PROGRESS IN INTRA-ASEAN ECONOMIC COOPERATION, ASEAN HAS DEVELOPED A SPIRIT OF COOPERATION AND COHESIVENESS IN DEALING WITH OUTSIDERS SO AS TO BECOME AN IMPORTANT FORCE IN THE REGION. THERE COULD BE NO BETTER DEMONSTRATION OF THE IMPORTANCE AND POTENTIAL OF ASEAN THAN THAT THE PRIME MINISTERS OF JAPAN, AUSTRALIA AND NEW ZEALAND JOURNEYED TO KUALA LUMPUR TO MEET WITH THE ASEAN SUMMIT AND TO PAY THEIR DUES. THIS WILL THEN BE FOLLOWED ONE MONTH LATER WITH CONSULTATIONS WITH THE UNITED STATES ON A MINISTERIAL LEVEL.

2. JUST AS THE PROFESSED ECONOMIC COLORATION OF ASEAN TENDS TO OBSCURE THE BROADER SIGNIFICANCE OF FIVE COUNTRIES DRAWING TOGETHER, DESPITE VIETNAMESE HOSTILITY, THE SUCCESS OF THE MEETINGS WITH THE JAPANESE, AUSTRALIAN AND NEW ZEALAND PRIME MINISTERS HAS OVERSHADOWED SEVERAL LONG-TERM DEVELOPMENTS GROWING OUT OF ASEAN UNITY. FOR EXAMPLE, THE DEVELOPMENT OF ASEAN COOPERATION HAS FURNISHED THE CONDITIONS AND CIRCUMSTANCES WHEREBY THE PHILIPPINES FELT IT COULD GIVE UP THE SABAH CLAIM WITH DIGNITY AND WITH SOME MEASURE OF CONTRIBUTION FROM ITS IMMEDIATE NEIGHBORS. IT WOULD HAVE BEEN MORE DIFFICULT FOR THE PHILIPPINES TO HAVE DONE SO IN THE ABSENCE OF ASEAN.

3. SIMILARLY, THE EXISTENCE AND DEVELOPMENT OF ASEAN WILL
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LIKELY PRECLUDE RENEWAL OF THE TYPE OF CONFRONTATION WHICH INDONESIA UNDER SUKARNO TOOK UP AGAINST MALAYSIA. DIFFERENCES AND CONFLICTS WILL REMAIN OR ARISE FROM TIME TO TIME, BUT THE EXISTENCE OF ASEAN SHOULD AMELIORATE THE CONTENTIONS AND CHANNEL THEM INTO LESS VIOLENT OR HARSH FORMS.

4. MOREOVER, THE NON-CHINESE STATES OF ASEAN HAVE ACCEPTED SINGAPORE, PERHAPS STILL GRUDGINGLY, AS A PART OF ASEAN AND NOT MERELY AS A CITY IN ASEAN. SINGAPORE'S QUERULOUS CAMPAIGN FOR TRADE CONCESSIONS, SO PATENTLY TO ITS ADVANTAGE, IS TAKEN IN STRIDE. INTERESTINGLY, THE CENTRIST GROUPING OF THE PHILIPPINES AND THAILAND HAS JOINED SINGAPORE IN TARIFF CUTTING, WHILE MALAYSIA AND INDONESIA HAVE STOOD THEIR GROUND AT TIMES AND COMPROMISED NOW AND THEN. IN OTHER WORDS, NO ONE HAS PICKED UP HIS MARBLES AND GONE HOME. THE CONVENTIONAL WISDEOM IS THAT THEY ALL MUST DEVELOP ECONOMICALLY FOR THAT IS THE WAY THEY WILL BECOME STRONG AGAINST SUBVERSION AND ALSO OBTAIN ADVANTAGES FROM THEIR TRADITIONAL FRIENDS IN EAST ASIA, NORTH AMERICA, AND EUROPE.

5. WHILE LACK OF ECONOMIC PROGRESS IS NOT A SERIOUS PROBLEM AT THIS TIME, SOONER OR LATER ASEAN MUST DELIVER WHAT IT

PROMISES OR SEEKS IN ECONOMIC DEVELOPMENT. HEREIN LIE BOTH
THE OPPORTUNITY AND DANGER FOR THE UNITED STATES AND ITS
OTHER FRIENDS IN THIS REGION. WE NOW RECOGNIZE THE

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STR-04 CEA-01 DODE-00 PM-05 H-01 L-03 PA-01
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CURRENT IMPORTANCE AND POTENTIAL OF ASEAN, BUT WE
SHOULD ALSO BE PREPARED TO MAKE OUR CONTRIBUTION TO ITS DEVELOPMENT--
IN TRADE AND INVESTMENT.

6. A VEXING PROBLEM IN THE DEVELOPMENT OF ASEAN LIES IN
THE SO-CALLED FOREIGN BODIES--THE OVERSEAS CHINESE AND THE
MULTINATIONALS (WHICH INCLUDE THE JAPANESE COMPANIES). THE
ASEAN COUNTRIES ARE FINDING THAT THE BUDDING INTRA-ASEAN
COOPERATION IN BANKING, SHIPPING, COMMERCE, ETC. OFTEN
INVOLVES CHINESE OR NATURALIZED CHINESE WHO HAVE FAMILIAL
AND BUSINESS CONNECTIONS THROUGHOUT THE REGION. THE
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PHILIPPINES AND THAILAND ARE FORTUNATE IN PROCEEDING SO FAR ALONG WITH THE ASSIMILATION OF THEIR CHINESE POPULATIONS. HOPEFULLY, THE ACCEPTANCE OF SINGAPORE WOULD LEAD TO AN ACCEPTANCE OF THE NATURALIZED CHINESE AS PART OF THE ASEAN SCENE.

7. FOR THE MULTINATIONALS, THE ASEAN NEED FOR FOREIGN INVESTMENTS AND OVERSEAS MARKETS WOULD PLAY A DETERMINANT ROLE. COUPLED WITH THE REQUIREMENT FOR NATURAL RESOURCES OFFERED BY ASEAN AND THE ATTRACTION OF THE ASEAN MARKETS, THE MULTINATIONALS CAN CONTINUE TO FIND A ROLE IN ASEAN DEVELOPMENT. THE REFORM OF MULTINATIONAL BEHAVIOR AND A MORE FLEXIBLE RECOGNITION OF ECONOMIC NATIONALISM COULD BE EXPECTED TO ASSIST INMEASURABLY IN THIS ROLE, BUT RECIPROCAL CONTRIBUTION IN SOUND POLICIES BY THE HOST GOVERNMENTS ARE REQUIRED.

8. ALL IN ALL, IT HAS BEEN AN INTERESTING SUMMIT MEETING, AND PROSPECTS FOR THE ALLIANCE IN TRADE AND INVESTMENT ARE GOOD. THIS IS MOST WELCOME, FOR THIS PART OF THE WORLD IS ONE OF THE FASTER DEVELOPING REGIONS IN WHICH WE CAN STRENGTHEN OUR ASSOCIATION FOR OUR MUTUAL BENEFIT.

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